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Chief of Mission, Frankfurt

28 October 1952

Chief, PNB

ATTN: C

OPERATIONAL/CALL

23 October Meeting with KIBITZ-15

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1. Reference is the contact report on the first meeting (16 October) I had with KIBITZ-15 subsequent to the LCPROWL/Apparatus Flap. Because of the security aspects inherent in the KIBITZ-15 Net and the reconsideration of the entire Staybehind Program by COM AND EE, contact reports will be submitted hereafter on each major meeting with KIBITZ-15. This, therefore, will be the second of such series.

2. At the 16 October 1952 meeting with KIBITZ-15, we arranged to meet at the Ulm safehouse at 1100 hours, 23 October. Because of the necessity for moving out of the Ulm safehouse, this meeting was cancelled and word was sent to KIBITZ-15 through KIBITZ-150, that the meeting would be changed to the Unterschondorf safehouse, same day, same time. Two hours after KIBITZ-15 was due at Unterschondorf, he called from Ulm saying that he had had car trouble and that no one had answered the phone at Ulm. (I learned later from KIBITZ-15 that he had not heard from KIBITZ-150.) We arranged to meet at the Hotel Augusta in Augsburg at 1600 hours, 23 October. [] and I proceeded to Augsburg and met KIBITZ-15 as scheduled. Because the meeting took place in the hotel dining room, we stayed only about one hour and did not transact much business.

3. KIBITZ-15 was in quite good spirits and again very self-confident; however, he was interested in only one thing, that of securing the 8,000 DM for KIBITZ-177(a rental of the Gasthaus near Hof. (See EGPA-344). In fact, KIBITZ-15 said that he had done nothing since our last meeting except go from one bank or loan agency to another seeking the 8,000 DM for KIBITZ-177. He had had absolutely no success. Each banker stated that KIBITZ-177 could not have a loan because he had no security to put up for such a loan, which is true, or that they would not loan the money for the operation of a Gasthaus because it is "non-productive"; i.e. if he wanted to open up a factory of some sort, he would have a better chance of getting a loan. KIBITZ-15 gave details on all the bankers he saw and their various answers -- all negative.

4. In the meantime, KIBITZ-177 had been to see the present owner of the Gasthaus and was very much enthused about the proposition saying it was a real money-maker. The present owner told KIBITZ-177 that he was sick and

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that he had to sell by the first week in November. KIBITZ-177 told him that he was having difficulty in getting money together and the man very kindly said he would give him first call on the sale up until 1 November, but as of that date, he must have a final answer. The present owner further stated he would have no difficulty at all in selling his lease on the place and KIBITZ-15 readily admitted this. KIBITZ-15 then gave me a detailed report, by KIBITZ-177, on the Gaethaus deal.

5. KIBITZ-15 said that he saw no way that he could get a legal loan for this deal before 1 November. (Upon my indirect questioning, he admitted that he himself did not like to loan KIBITZ-177 the 8,000 DM because of cover reasons.) I was then propositioned in the following manner: Why couldn't I deposit 8,000 DM in a German bank under an alias receiving a deposit slip; then give KIBITZ-177 this deposit slip. KIBITZ-15 said he would fix up all legal technicalities so KIBITZ-177 could borrow another 8,000 DM using my deposit as security. I backed off of this one saying that the cover would be very very bad in such a deal and secondly, that as an American employee of the U.S. Government, I could not invest in any business in Germany without special permission. KIBITZ-15 said, in effect, "Oh, don't worry about that, I (KIBITZ-15) could do it all if you gave me the money." This, I also said was not a very good idea and that anyway I didn't think I could get the authority for such an arrangement before the 1 November deadline. KIBITZ-15, although quite disappointed, said he realized we had too short a time to get the money, but that he would try again to find the money before 1 November.

6. We then discussed KIBITZ-182 who was just finishing up another three weeks' training session. (From what [] and [] told me, it appears that KIBITZ-182's W/T instructor, tell me, it appears that KIBITZ-182 has her eye on KIBITZ-15. She, a divorcee, is about five years younger than KIBITZ-15 and was the kid sister of a school friend of KIBITZ-15's. During her last week in training, KIBITZ-182 had mentioned to [] that she would like very much to see KIBITZ-15 again, but had not been able to get in touch with him for some time.) When [] mentioned KIBITZ-182's desire, KIBITZ-15 became flustered for the first time during the meeting. He did not want to see her. We kidded him, of course, quite profusely and he denied that any relationship, other than operational, had ever or would ever exist. He was very emphatic about this, but at the same time, looked somewhat embarrassed.

7. KIBITZ-15 then showed us reports from the Graphologisches Institut (handwriting institute) Heidelberg, on five agents in the KIBITZ-15 Net. KIBITZ-15 had previously told me that he wanted to have the handwriting of a number of his sub-agents analyzed by the Institut saying it was a good way to discern a person's character. When he first mentioned the subject I told him I did not favor it because such an Institut probably had close connections with police agencies. He said that he would send only two or three at a time and send them from his private address as a businessman wanting information on prospective employees. When he showed us the five reports -- KIBITZ-171, 182, 150, 137, 156 -- on 23 October, I again told him I was not in favor of the idea and that he should not send any more. He halfheartedly agreed.

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8. I then told KIBITZ-15 that as we were forced to give the Ulm safe house back to the Army, we would only have one safehouse for training purposes for the time being. Actually, Ulm Post gave us a new safehouse near Augsburg. However, as another means of cutting down KIBITZ-15's operations, it is planned to keep knowledge of this safehouse from him for the present time. I also told him that we were in the midst of moving the office in Heidelberg and the new place would be all set up by the end of next week. This will give the KIBITZ-15 show just two houses -- the office in Heidelberg and the safehouse at Wessling -- and we will have all "clean" houses. (The safehouse at Unterschendorf is being turned over to MOB in a trade for Wessling.) KIBITZ has one other safehouse at Ludwigsburg for the non-KIBITZ-15 agents.)

9. We then discussed KIBITZ-221 who is now in training with C [redacted] at Wessling. KIBITZ-15 said he did not know KIBITZ-221 very well, as he had been recruited through KIBITZ-137. KIBITZ-15 said he would like to know him better and we both agreed our next meeting should be at Wessling to meet KIBITZ-221 and discuss routine business. We then arranged to meet in Munich at 1100 hours, 30 October 1952, from where we will proceed to Wessling.

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